

SENATE BILL NO. 436

INTRODUCED BY A. ELLIS, RYAN, BRANAE, GRIMES, MUSGROVE, OLSON, WOLERY

A BILL FOR AN ACT ENTITLED: "AN ACT REVISING SCHOOL DISTRICT OPERATING EXPENSE AND PURCHASING LAWS BY ALLOWING A DISTRICT TO MAKE TRANSFERS BETWEEN DIFFERENT FUNDS OR BETWEEN THE FINAL BUDGET AND A BUDGET AMENDMENT; PROHIBITING TRANSFERS FROM OR TO THE GENERAL FUND; AND AMENDING SECTIONS 20-9-133 ~~AND, 20-9-201, 20-9-208, AND 20-9-443, MCA;~~ AND PROVIDING AN EFFECTIVE DATE AND AN APPLICABILITY DATE."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

Section 1. Section 20-9-133, MCA, is amended to read:

"20-9-133. Adoption and expenditure limitations of final budget. (1) When the trustees determine and set the amount of the budget for each budgeted fund, they shall enter the amount in the portion of the budget form provided for the reporting of the final budget and the ~~chairman~~ presiding officer and clerk shall sign the budget form. The resulting budget, ~~INCLUDING ANY BUDGET AUTHORITY TRANSFERRED IN FROM OTHER BUDGETED FUNDS IN COMPLIANCE WITH 20-9-208(2),~~ constitutes the final budget and the appropriations for the district for the current school fiscal year.

(2) Except as provided in subsection (3), the trustees and all officers and employees of the district are limited in making expenditures or incurring liabilities to the total amount of each fund's budget. Transfers from any appropriation item to another appropriation item within a fund's budget or transfers between different funds or between the final budget and a budget amendment may be made as provided by 20-9-208. Except as provided in subsection (3), money of the district may not be used to pay expenditures made, liabilities incurred, or warrants issued in excess of the final budget established for each budgeted fund.

(3) If a district incurs a legal bonded debt payment after the final debt service fund budget for the current fiscal year has been adopted and if payment on the debt is required for the current fiscal year, payment on the debt in the current school fiscal year is allowed if money is available."

SECTION 2. SECTION 20-9-201, MCA, IS AMENDED TO READ:

1 **"20-9-201. Definitions and application.** (1) As used in this title, unless the context clearly indicates

2 otherwise, "fund" means a separate detailed account of receipts and expenditures for a specific purpose
3 as authorized by law or by the superintendent of public instruction under the provisions of subsection (2).

4 Funds are classified as follows:

5 (a) A "budgeted fund" means any fund for which a budget must be adopted in order to expend
6 money from the fund. The general fund, transportation fund, bus depreciation reserve fund, tuition fund,
7 retirement fund, debt service fund, building reserve fund, adult education fund, nonoperating fund, and
8 any other funds designated by the legislature are budgeted funds.

9 (b) A "nonbudgeted fund" means any fund for which a budget is not required in order to expend
10 money on deposit in the fund. The school food services fund, miscellaneous programs fund, building fund,
11 lease or rental agreement fund, traffic education fund, interlocal cooperative fund, internal service fund,
12 impact aid fund, enterprise fund, agency fund, extracurricular fund, metal mines tax reserve fund,
13 endowment fund, litigation reserve fund, and any other funds designated by the legislature are
14 nonbudgeted funds.

15 (2) The school financial administration provisions of this title apply to all money of any elementary
16 or high school district. Elementary and high school districts shall record the receipt and disbursement of
17 all money in accordance with generally accepted accounting principles. The superintendent of public
18 instruction has general supervisory authority as prescribed by law over the school financial administration
19 provisions, as they relate to elementary and high school districts. The superintendent of public instruction
20 shall adopt rules necessary to secure compliance with the law.

21 (3) Except as otherwise provided by law, whenever the trustees of a district determine that a fund
22 is inactive and will no longer be used, the trustees shall close the fund by transferring all cash and other
23 account balances to ~~the general fund~~ any fund considered appropriate by the trustees if the fund does not
24 have a cash or fund balance deficit."

25
26 **Section 3.** Section 20-9-208, MCA, is amended to read:

27 **"20-9-208. ~~Transfer~~ Transfers among appropriation items of a fund -- transfers from fund to fund.**

28 (1) Whenever it appears to the trustees of a district that the appropriated amount of an item of a budgeted
29 fund of the final budget or a budget amendment is in excess of the amount actually required during the
30 school fiscal year for the appropriation item, the trustees may transfer any ~~or all~~ of the excess

1 appropriation amount to any other appropriation item of the same budgeted fund.

2 (2) ~~Transfers~~ UNLESS OTHERWISE RESTRICTED BY A SPECIFIC PROVISION IN THIS TITLE, TRANSFERS may ~~not~~
3 be made between different funds of the same district; or between the final budget and a budget
4 amendment; ~~or between similar funds of different districts except as specifically provided by this title~~
5 under one of the following circumstances:

6 (a) (i) Except as provided in subsection (2)(a)(ii), transfers may be made from one budgeted fund
7 to another budgeted fund or between the final budget and a budget amendment for a budgeted fund
8 whenever the trustees determine, in their discretion, that the transfer of funds is necessary to improve the
9 efficiency of spending within the district or when an action of the trustees results in savings in one
10 budgeted fund that can be put to more efficient use in another budgeted fund. Transfers may not be made
11 with funds approved by the voters OR WITH FUNDS RAISED BY A NONVOTED LEVY unless the transfer is within
12 OR DIRECTLY RELATED TO the voter-approved purposes for which the funds were originally approved RAISED.
13 BEFORE A TRANSFER CAN OCCUR, THE TRUSTEES SHALL HOLD A PROPERLY NOTICED HEARING TO ACCEPT PUBLIC COMMENT
14 ON THE TRANSFER.

15 (ii) ~~Transfers~~ UNLESS OTHERWISE AUTHORIZED BY A SPECIFIC PROVISION IN THIS TITLE, TRANSFERS from the
16 general fund to any other fund AND TRANSFERS TO THE GENERAL FUND FROM ANY OTHER FUND OR BETWEEN FUNDS
17 THAT CONTAIN VOTED AND NONVOTED LEVIES are prohibited, EXCEPT FOR TRANSFERS TO THE COMPENSATED ABSENCE
18 LIABILITY FUND PROVIDED FOR IN 20-9-512.

19 (b) Transfers may be made from one nonbudgeted fund to another ~~budgeted~~ NONBUDGETED fund
20 whenever the trustees determine that the transfer of funds is necessary to improve the efficiency of
21 spending within the district. Transfers may not be made with funds restricted by state or federal law
22 unless the transfer is in compliance with any restrictions or conditions imposed by state or federal law.
23 BEFORE A TRANSFER CAN OCCUR, THE TRUSTEES SHALL HOLD A PROPERLY NOTICED HEARING TO ACCEPT PUBLIC COMMENT
24 ON THE TRANSFER.

25 (3) The trustees shall enter the authorized transfers upon the permanent records of the district."

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27 **SECTION 4. SECTION 20-9-443, MCA, IS AMENDED TO READ:**

28 **"20-9-443. Disposition of remaining debt service fund.** When all of the bonds and bond interest
29 of any school district have been fully paid, all money remaining in the debt service fund for ~~such the~~ school
30 district and all ~~moneys which~~ money that may come into ~~such the~~ debt service fund from the payment of

1 the delinquent taxes ~~shall~~ must be transferred by the county treasurer to the building reserve levy fund,
2 the technology acquisition fund, or the general fund of such as designated by the school district, provided
3 that the subsequent use of the funds by the school district is limited to constructing, equipping, or
4 enlarging school buildings or purchasing land needed for school purposes in the district."

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6 NEW SECTION. SECTION 5. EFFECTIVE DATE -- APPLICABILITY. [THIS ACT] IS EFFECTIVE JULY 1, 2001, AND
7 APPLIES TO TRANSFERS DURING THE SCHOOL FISCAL YEAR BEGINNING ON OR AFTER JULY 1, 2001.

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